

COPING WITH THE RISING COSTS OF CONFERENCE CENTRES

Barbara Maple, President of the International Association of Congress Centres (AIPC) and Chairman of the Joint Meetings Industry Council (JMJC), joined Roslyn McLeod, Tour Hosts Australia, on the platform at the recent IAPCO Annual Meeting in Sevilla to discuss the rising costs of Conference Centres.



Roslyn McLeod and Barbara Maple

The financial squeeze

Barbara noted that there was a financial squeeze on all venue and service providers in the meetings industry; however, she commented that one of the key pressures came from an 'invisible' source - the host city for the event. Indirect recipients of the benefits of congresses, such as restaurants, shops, taxi firms and tourist attractions, apply pressure to conference centres to make them reduce their charges in order to win the business. "However, those benefits are not applied to the Conference Centre's bottom line," Barbara stated, "but represent loss of invisible earnings, creating problems for the Centres, which are working on increasingly tight budgets." Thus, Conference Centres have to look for additional revenue streams, and these often overlap with the services traditionally provided by PCOs.

Timing of deposit payments

In response to the question of onerous requests from Conference Centres for payment in advance, Barbara responded by saying that payment of deposits depends upon the Centre involved. "However, it is necessary to ensure that the business will convert," she continued, "and therefore a financial incentive to honour a booking is often the only way." A small deposit at the outset to confirm an event is essential, she said, followed by a substantial deposit at, for example, one year out, to further guarantee the Centre's revenue stream. In order to avoid the possibility of bad debts after events, it is becoming increasingly common for Centres to ask for payment in full just prior to events. However, it was agreed that clients and PCOs were well within their rights to ask or negotiate for interest to be paid on such deposits (or deducted from the quote) - this can amount to a quite substantial sum. From the PCO's perspective, pre-payment in full was felt to provide the potential for complacency, in that there was no recourse if a Centre did not perform adequately.

Transparency

The provision of true transparency by Conference Centres when quoting for an event was felt to be an issue. "It's all about communication," said Barbara. "Centres try to anticipate what clients require, but it is often only when PCOs become involved that the true picture comes to light, and this often has implications for the budget."

Discounts?

One suggestion Barbara took back to her members was the idea of discounts to reflect the contribution of PCOs. As the appointment of a PCO considerably lessens the administration required within a Conference Centre, and therefore the corresponding costs, discounts on hall rental could be offered to clients if they are using the services of, for example, an IAPCO member.

Selecting a venue: getting your priorities straight

The process of selecting a venue for an event was the subject of discussion at the recent IAPCO/AIPC seminar, at which the speakers were Ben Goedegebuure of SECC Glasgow, Bibba Eijklad representing European Brewers, and André Vietor of Viajes Iberia Congressos, President of IAPCO. Determining the priorities when selecting a venue can be a minefield for all concerned, especially given that priorities change according to each person's viewpoint. For example, an in-house association executive may have very different concerns compared with those of a PCO. Conference centres have to accommodate both parties' viewpoints when preparing their pitch to win the business. All three speakers at the seminar stressed that the number one priority was 'quality', and that this overrode financial considerations. However, they agreed that 'transparency' was an important secondary factor, and that it is essential there are no hidden extras or costs not discussed from the outset. "Both the city and the conference centre must be capable of hosting the meeting, with an infrastructure capable of supporting the function as well as the full expectations of the client," Ben stated, "... and client expectations have got higher." This view was endorsed by André, who commented that access and infrastructure were more important than location.

The results of a small survey among leading PCOs produced some surprises in terms of the importance of various aspects of a conference centre in affecting decision-making. Conference facilities, flexibility, location and costs were all regarded as important by 80-90% of respondents. By contrast, in-house technology, professionalism of staff and the terms and conditions imposed by the venue were all regarded



From left to right, Ben Goedegebuure of SECC Glasgow, Bibba Eijklad of European Brewers and André Vietor of Viajes Iberia Congressos

as important by only 65-75%. Security and safety, together with the payment of commission, were rated by 50%, while venue exclusivity was only seen as important by 39% of those surveyed.

Bibba provided some insights into what clients were looking for when selecting a venue, and suggested some practical steps that should be taken by prospective venues. She advised conference centres and cities to contact the previous destination of the meeting, in order to learn as much as possible about the client and the event. Venues should propose various ways in which their facilities could be used to enhance the meeting. In addition, the person showing the client around the venue should have decision-making responsibilities, plus experience of numerous other meetings, especially ones of a similar size and scope to the proposed event. Bibba highlighted that a list of past events held at the centre is no guarantee of quality to a client; three or four refer-

ences from previous clients who held similar events at the centre will provide far greater proof of competency. Another key issue is that the final bid should be very clear, setting out exactly what is included and for how much. However, the most important factor is the enthusiasm and passion of the centre to host the meeting. "I want someone who is going to be dedicated to my meeting," said Bibba, "someone with whom I can build up a relationship, which will be harmonious and productive over the subsequent 3-4 years of the administrative cycle."

So what will be among the major criteria in the future? "Social responsibility is becoming increasingly important," said Ben, "not only 'being green', but also having complete 'global awareness'."

KEEPING IN TOUCH IN THE ELECTRONIC ERA

There was no surprise in the most preferred method of communication identified in a survey of delegates conducted at EIBTM 2006 - 50% voted for e-mail. However, the surprise was provided by the runner-up; 39% of the vote went to the 'person-to-person' sales approach. Other ways of keeping in touch didn't fare quite so well. Only 1% of respondents said that they pre-

ferred trade shows as their main method of communication, with 2% opting for 'snail-mail' and 8% for tele-sales. By contrast, respondents were evenly divided on the question of whether technology will make our lives simpler and safer - 51% said 'yes', and 49% said 'no'... although 57% did feel that it will make life more fun!

